

EISNERAMPER

**BOY SCOUTS OF AMERICA,
WASHINGTON CROSSING COUNCIL**

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017



BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

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INDEPENDENT AUDITORS' REPORT

To the Council Executive Board of
Boy Scouts of America, Washington Crossing Council

Report on the Financial Statements

We have audited the accompanying financial statements of Boy Scouts of America, Washington Crossing Council (the "Council"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boy Scouts of America, Washington Crossing Council as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.



Effect of Adopting New Accounting Standards

As discussed in Note B[20], the Council adopted Financial Accounting Standards Board (“FASB”) Accounting Standard Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU 2016-14 have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

EisnerAmper LLP

EISNERAMPER LLP
Philadelphia, Pennsylvania
May 22, 2019

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BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Statements of Financial Position

	December 31							
	2018				2017			
	Operating Fund	Capital Fund	Endowment Fund	Total	Operating Fund	Capital Fund	Endowment Fund	Total
ASSETS								
Cash and cash equivalents	\$ 221,115	\$ 174,193	\$ 8,337	\$ 403,645	\$ 597,744	\$ 198,447	\$ 12,049	\$ 808,240
Short-term investments	359,275	8,279	-	367,554	109,856	8,986	-	118,842
Accounts receivable	56,996	-	-	56,996	77,658	-	-	77,658
Inventories	183,262	-	-	183,262	151,640	-	-	151,640
Prepaid expenses	70,963	-	-	70,963	55,560	-	-	55,560
Pledges receivable, net	529	-	7,200	7,729	6,190	-	14,850	21,040
Land, buildings and equipment, net	-	1,779,225	-	1,779,225	-	1,773,340	-	1,773,340
Long-term investments	279,926	111,757	2,640,179	3,031,862	69,855	111,318	2,830,022	3,011,195
Beneficial interest in split interest agreement	1,249	-	118,405	119,654	1,249	-	135,572	136,821
Total assets	\$ 1,173,315	\$ 2,073,454	\$ 2,774,121	\$ 6,020,890	\$ 1,069,752	\$ 2,092,091	\$ 2,992,493	\$ 6,154,336
LIABILITIES								
Accounts payable and other current liabilities	\$ 22,555	\$ -	\$ -	\$ 22,555	\$ 43,118	\$ 4,985	\$ -	\$ 48,103
Payroll taxes withheld and accrued	8,205	-	-	8,205	7,018	-	-	7,018
Custodian accounts	369,485	-	-	369,485	383,884	-	-	383,884
Deferred activity income	4,550	-	-	4,550	30,257	-	-	30,257
Deferred camp income	26,337	-	-	26,337	25,383	-	-	25,383
Deferred other income	4,518	-	-	4,518	2,457	8,086	-	10,543
Total liabilities	435,650	-	-	435,650	492,117	13,071	-	505,188
Commitments								
NET ASSETS								
Without donor restrictions	648,150	1,998,511	1,390,608	4,037,269	471,678	1,968,899	1,578,584	4,019,161
With donor restrictions	89,515	74,943	1,383,513	1,547,971	105,957	110,121	1,413,909	1,629,987
Total net assets	737,665	2,073,454	2,774,121	5,585,240	577,635	2,079,020	2,992,493	5,649,148
	\$ 1,173,315	\$ 2,073,454	\$ 2,774,121	\$ 6,020,890	\$ 1,069,752	\$ 2,092,091	\$ 2,992,493	\$ 6,154,336

See notes to financial statements

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Statements of Activities and Changes in Net Assets

	Year Ended December 31				Year Ended December 31			
	2018		2017		2018		2017	
	Operating Fund	Capital Fund	Endowment Fund	Total	Operating Fund	Capital Fund	Endowment Fund	Total
Change in net assets without donor restrictions:								
Support and revenue:								
Direct support:								
Sustaining membership, net	\$ 384,839	\$ -	\$ -	\$ 384,839	\$ 413,393	\$ -	\$ -	\$ 413,393
Special events	258,880	-	-	258,880	187,009	-	-	187,009
Cost of direct benefit	(62,232)	-	-	(62,232)	(61,722)	-	-	(61,722)
Foundations, trusts and grants	24,776	5,000	-	29,776	19,734	2,412	-	22,146
Legacies and bequests	-	-	-	-	30,000	-	-	30,000
Other direct	30,763	18,500	-	49,263	30,448	15,463	-	45,911
Total direct support	637,026	23,500	-	660,526	618,862	17,875	-	636,737
Indirect support:								
United Way	17,423	-	-	17,423	44,888	-	-	44,888
Other indirect	3,210	8,083	-	11,293	7,203	2,309	-	9,512
Total indirect support	20,633	8,083	-	28,716	52,091	2,309	-	54,400
Revenue:								
Supplies	367,599	-	-	367,599	404,668	-	-	404,668
Cost of supplies	(221,280)	-	-	(221,280)	(250,861)	-	-	(250,861)
Camping	1,321,731	-	-	1,321,731	1,402,913	-	-	1,402,913
Activities	117,705	-	-	117,705	261,810	-	-	261,810
Other revenue	288,126	46,335	-	334,461	48,119	4,442	-	52,561
Product sales	481,465	-	-	481,465	519,894	-	-	519,894
Cost of product	(119,994)	-	-	(119,994)	(142,492)	-	-	(142,492)
Sales commissions	(204,069)	-	-	(204,069)	(192,972)	-	-	(192,972)
Investment income (loss), net	67,181	12,002	(151,182)	(71,999)	59,868	13,216	156,325	229,409
Total revenue	2,098,464	58,337	(151,182)	2,005,619	2,110,947	17,658	156,325	2,284,930
Net assets released from restrictions	57,813	37,491	23,836	119,140	13,480	23,778	11,205	48,463
Total support and revenue	2,813,936	127,411	(127,346)	2,814,001	2,795,380	61,620	167,530	3,024,530
Expenses:								
Program services								
Scoutcraft	1,248,344	110,817	-	1,359,161	1,363,236	116,121	-	1,479,357
Camping	1,049,709	-	-	1,049,709	1,082,829	-	-	1,082,829
Support services:								
Management and general	39,286	77	-	39,363	37,671	40	-	37,711
Fundraising	312,846	434	-	313,280	321,625	226	-	321,851
Total functional expenses	2,650,185	111,328	-	2,761,513	2,805,361	116,387	-	2,921,748
Charter and National Service Fee	34,380	-	-	34,380	33,936	-	-	33,936
Total expenses	2,684,565	111,328	-	2,795,893	2,839,297	116,387	-	2,955,684
Increase (decrease) net assets without donor restrictions	129,371	16,083	(127,346)	18,108	(43,917)	(54,767)	167,530	68,846

(continued)

See notes to financial statements

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Statements of Activities and Changes in Net Assets

(continued)

	Year Ended December 31							
	2018			2017				
	Operating Fund	Capital Fund	Endowment Fund	Total	Operating Fund	Capital Fund	Endowment Fund	Total
Change in net assets with donor restrictions:								
Direct support:								
Sustaining membership	27,125	-	-	27,125	8,677	-	-	8,677
Special Events	1,900	-	-	1,900	-	-	-	-
Contributions	-	-	158,694	158,694	-	-	3,200	3,200
Other direct	12,674	2,313	-	14,987	40,050	7,264	-	47,314
Total direct support	41,699	2,313	158,694	202,706	48,727	7,264	3,200	59,191
Indirect support:								
United Way	-	-	-	-	16,625	-	-	16,625
Total support	41,699	2,313	158,694	202,706	65,352	7,264	3,200	75,816
Investment income (loss), net	(328)	-	(165,254)	(165,582)	178	-	144,818	144,996
Net assets released from restrictions	(57,813)	(37,491)	(23,836)	(119,140)	(13,480)	(23,778)	(11,205)	(48,463)
Increase (decrease) in net assets with donor restrictions	(16,442)	(35,178)	(30,396)	(82,016)	52,050	(16,514)	136,813	172,349
Increase (decrease) in total net assets	112,929	(19,095)	(157,742)	(63,908)	8,133	(71,281)	304,343	241,195
Net assets at beginning of year:								
Net assets without donor restrictions	471,678	1,968,899	1,578,584	4,019,161	468,611	2,011,526	1,469,385	3,949,522
Net assets with donor restrictions	105,957	110,121	1,413,909	1,629,987	53,907	126,635	1,277,889	1,458,431
Total net assets at beginning of year	577,635	2,079,020	2,992,493	5,649,148	522,518	2,138,161	2,747,274	5,407,953
Transfers from endowment fund:								
Net assets without donor restrictions	47,101	13,529	(60,630)	-	46,984	12,140	(58,331)	793
Net assets with donor restrictions	-	-	-	-	-	-	(793)	(793)
Total transfers	47,101	13,529	(60,630)	-	46,984	12,140	(59,124)	-
Net assets at end of year:								
Net assets without donor restrictions	648,150	1,998,511	1,390,608	4,037,269	471,678	1,968,899	1,578,584	4,019,161
Net assets with donor restrictions	89,515	74,943	1,383,513	1,547,971	105,957	110,121	1,413,909	1,629,987
Total net assets at end of year	\$ 737,665	\$ 2,073,454	\$ 2,774,121	\$ 5,585,240	\$ 577,635	\$ 2,079,020	\$ 2,992,493	\$ 5,649,148

See notes to financial statements

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Statements of Functional Expenses

	Year Ended December 31											
	2018					2017						
	Program Services			Support Services		Program Services			Support Services			
	Scoutcraft	Camping	Total Program	Management and General	Fundraising	Total	Scoutcraft	Camping	Total Program	Management and General	Fundraising	Total
Operating Fund expenses:												
Employee compensation:												
Salaries	\$ 704,592	\$ 313,079	\$ 1,017,671	\$ 26,235	\$ 148,663	\$ 1,192,569	\$ 683,628	\$ 381,254	\$ 1,064,882	\$ 25,209	\$ 142,848	\$ 1,232,939
Employee benefits	143,171	28,658	171,829	5,369	30,424	207,622	148,281	11,480	159,761	5,560	31,509	196,830
Payroll taxes	51,894	32,116	84,010	1,946	11,028	96,984	59,407	36,134	95,541	2,204	12,491	110,236
Employee related expenses	16,907	3,426	20,333	634	3,593	24,560	3,460	1,315	4,775	130	735	5,640
Total employee compensation	916,564	377,279	1,293,843	34,184	193,708	1,521,735	894,776	430,183	1,324,959	33,103	187,583	1,545,645
Other expenses:												
Professional fees	30,016	6,136	36,152	1,006	16,122	53,280	27,564	4,195	31,759	952	15,665	48,376
Supplies	60,493	436,071	496,564	74	1,187	497,825	93,556	436,959	530,515	173	1,937	532,625
Other expenses	24,594	17,970	42,564	1,165	18,884	62,613	26,323	11,912	38,235	1,131	9,074	48,440
Telephone	11,153	7,322	18,475	226	1,864	20,565	11,086	7,613	18,699	232	2,097	21,028
Postage and shipping	7,904	1,302	9,206	48	5,073	14,327	9,136	965	10,101	80	8,486	18,667
Printing	19,609	-	19,609	121	11,254	30,984	11,391	-	11,391	98	14,615	26,104
Occupancy	41,566	97,603	139,169	1,205	6,952	147,326	40,893	97,153	138,046	844	5,442	144,332
Travel	25,241	8,205	33,446	185	4,178	37,809	47,667	7,092	54,759	236	5,833	60,828
Conference and meetings	18,916	9,941	28,857	226	4,965	34,048	117,665	5,233	122,898	149	4,339	127,386
Insurance	54,017	51,294	105,311	174	984	106,469	52,350	48,049	100,399	174	984	101,557
Repairs and maintenance	21,152	30,141	51,293	614	3,878	55,785	12,871	23,597	36,468	448	2,717	39,633
Recognition	16,984	6,445	23,429	58	43,797	67,284	17,436	9,878	27,314	51	62,853	90,218
Assistance to individual	135	-	135	-	-	135	522	-	522	-	-	522
Total other expenses	331,780	672,430	1,004,210	5,102	119,138	1,128,450	468,460	652,646	1,121,106	4,568	134,042	1,259,716
Total operating fund expenses	1,248,344	1,049,709	2,298,053	39,286	312,846	2,650,185	1,363,236	1,082,829	2,446,065	37,671	321,625	2,805,361
Capital Fund expenses:												
Depreciation and amortization	77,136	-	77,136	77	434	77,647	75,417	-	75,417	40	226	75,683
Supplies	16,735	-	16,735	-	-	16,735	5,761	-	5,761	-	-	5,761
Occupancy	5,100	-	5,100	-	-	5,100	1,650	-	1,650	-	-	1,650
Professional fees	2,500	-	2,500	-	-	2,500	19,454	-	19,454	-	-	19,454
Recognition	871	-	871	-	-	871	779	-	779	-	-	779
Repairs and maintenance	8,475	-	8,475	-	-	8,475	13,060	-	13,060	-	-	13,060
Total capital fund expenses	110,817	-	110,817	77	434	111,328	116,121	-	116,121	40	226	116,387
	1,359,161	1,049,709	2,408,870	39,363	313,280	2,761,513	1,479,357	1,082,829	2,562,186	37,711	321,851	2,921,748
Cost of direct benefit to donors	-	-	-	-	62,232	62,232	-	-	-	-	61,722	61,722
Cost of supplies	221,280	-	221,280	-	-	221,280	250,861	-	250,861	-	-	250,861
Cost of product	119,994	-	119,994	-	-	119,994	142,492	-	142,492	-	-	142,492
Sales commissions	204,069	-	204,069	-	-	204,069	192,972	-	192,972	-	-	192,972
Total functional expenses	\$ 1,904,504	\$ 1,049,709	\$ 2,954,213	\$ 39,363	\$ 375,512	\$ 3,369,088	\$ 2,065,682	\$ 1,082,829	\$ 3,148,511	\$ 37,711	\$ 383,573	\$ 3,569,795

See notes to financial statements

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Statements of Cash Flows

	Year Ended December 31				
	2018			2017	
	Operating Fund	Capital Fund	Endowment Fund	Total	Total
Cash flows from operating activities:					
Increase (decrease) in total net assets	\$ 112,929	\$ (19,095)	\$ (157,742)	\$ (63,908)	\$ 241,195
Adjustments to reconcile increase (decrease) in total net assets to net cash provided by (used in) operating activities:					
Depreciation	-	77,647	-	77,647	75,683
Bad debt expense	9,034	-	-	9,034	7,655
Net appreciation (depreciation) on investments	480	509	271,779	272,768	(320,062)
Change in value of split interest agreement	-	-	17,167	17,167	(11,035)
Transfers	47,101	13,529	(60,630)	-	-
(Increase) decrease in assets:					
Accounts receivable	11,628	-	-	11,628	(69,095)
Inventories	(31,622)	-	-	(31,622)	11,845
Prepaid expenses	(15,403)	-	-	(15,403)	51,838
Pledges receivable	5,661	-	-	5,661	10,897
Increase (decrease) in liabilities:					
Accounts payable and other current liabilities	(20,563)	(4,985)	-	(25,548)	(13,638)
Payroll taxes withheld and accrued	1,187	-	-	1,187	385
Custodian accounts	(14,399)	-	-	(14,399)	53,626
Deferred activity income	(25,707)	-	-	(25,707)	(47,314)
Deferred camp income	954	-	-	954	4,363
Deferred other income	2,061	(8,086)	-	(6,025)	(5,790)
Net cash provided by (used in) operating activities	<u>83,341</u>	<u>59,519</u>	<u>70,574</u>	<u>213,434</u>	<u>(9,447)</u>
Cash flows from investing activities:					
Purchases of land, buildings and equipment	-	(83,532)	-	(83,532)	(127,815)
Proceeds from investments	151,307	114,169	334,841	600,317	792,824
Purchases of investments	(611,277)	(114,410)	(416,777)	(1,142,464)	(719,022)
Net cash used in investing activities	<u>(459,970)</u>	<u>(83,773)</u>	<u>(81,936)</u>	<u>(625,679)</u>	<u>(54,013)</u>
Cash flows from financing activities:					
Pledges receivable - endowment	-	-	7,650	7,650	10,099
Net decrease in cash and cash equivalents	(376,629)	(24,254)	(3,712)	(404,595)	(53,361)
Cash and cash equivalents at beginning of year	597,744	198,447	12,049	808,240	861,601
Cash and cash equivalents at end of year	<u>\$ 221,115</u>	<u>\$ 174,193</u>	<u>\$ 8,337</u>	<u>\$ 403,645</u>	<u>\$ 808,240</u>

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE A - NATURE OF THE ORGANIZATION

Boy Scouts of America, Washington Crossing Council ("Council") is located in Doylestown, Pennsylvania and provides services to young men ages 5-20 and young women ages 14-20 in 52 municipalities of Pennsylvania, and in Hunterdon County and the Greater Mercer Area in New Jersey. Council has camping facilities at Ockanickon Scout Reservation located in Bucks County, Pennsylvania. Boy Scouts of America, Washington Crossing Council, is a not-for-profit organization devoted to promoting, within the territory covered by the charter granted by the National Council of the Boy Scouts of America ("National Council, BSA"), the ability of boys, young men and women to do things for themselves and others, training them in Scoutcraft and teaching them patriotism, courage and self-reliance. Council also prepares its youth members to make ethical choices over their lifetimes and achieve their full potential using the methods which are now in common use by the Boy Scouts of America.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation and classification of net assets:

The financial statements of Council have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations.

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of Council are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specific activities or objectives.

Council also prepares financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Presentation of Financial Statements*. Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. See Note B[20] for classification of balances.

Resources in the financial statements are classified for accounting and reporting purposes into classes of net assets according to the existence or absence of donor-imposed restrictions. Restricted contributions whose restrictions are met in the same reporting period as when the contributions are received are reported as net assets without donor restrictions in the statements of activities and changes in net assets.

The accompanying financial statements include the following classes of net assets:

- ***Net assets without donor restrictions***

Net assets without donor restrictions are funds which have not been restricted by donors and over which the Board of Directors ("Board") has discretionary control.

- ***Net assets with donor restrictions***

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Contributions:

Contributions revenue, which is included under public support on the statements of activities and changes in net assets, is recognized upon notification of a donor's unconditional promise to give to Council. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value because that amount results in a reasonable estimate of fair value in accordance with FASB ASC 958-605-30, *Contributions Received*. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give using a present value discount technique. An allowance for doubtful pledges is based on an analysis of expected collection rates determined from experience. Conditional promises to give are not included as revenue until such time as the conditions are substantially met.

[3] Donated materials and services:

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their approximate fair values at the date of donation. Council reports donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Donated services are recognized as contributions in accordance with U.S. GAAP, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by Council. A substantial number of volunteers have donated significant amounts of their time to Council's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Donated materials and services recorded as revenue and expense for the years ended December 31, 2018 and 2017 were \$11,293 and \$9,512, respectively.

[4] Revenue recognition:

Revenue relating to the sale of supplies and products is recognized when the sale has been completed. Camping and activity revenue is recognized when the services have been provided. Amounts received for future camps or activities are deferred until the applicable year. Government grant revenue is recognized as costs are incurred in accordance with the contractual terms. Collection of receivables is subject to the availability of funds from the appropriate governmental agencies.

[5] Cash and cash equivalents:

Council considers all highly liquid investments purchased with initial maturities of three months or less to be cash equivalents.

[6] Accounts receivable:

Accounts receivable are recorded primarily for product sales and are reported at net realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance for doubtful accounts was considered necessary as of December 31, 2018 or 2017.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Inventories:

Inventories consist of scouting and other items available for resale and are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

[8] Land, buildings and equipment:

Land, buildings and equipment are stated at cost, unless acquired by gift, in which case they are recorded at the approximate fair value at the time of donation, less accumulated depreciation in the Capital Fund. Specific real estate items are stated based on a 1974 real estate appraisal. Purchases of buildings or equipment having a life expectancy of two or more years and costing \$3,000 or more are capitalized. Depreciation is provided for on the straight-line method over the estimated useful lives of the assets (3 to 40 years).

Management evaluates the recoverability of long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2018 and 2017, and in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[9] Investments:

Investments consist primarily of assets invested in mutual funds, bonds, corporate stock and exchange-traded funds. All investments are stated at fair value. Unrealized and realized gains and losses are reflected in the accompanying statements of activities and changes in net assets.

Council's investment securities are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

[10] Beneficial interest in split interest agreement:

Beneficial interest in split interest agreement consists of charitable gift annuities between a donor and the National Council, BSA. The donor named Council the beneficiary of the annuities and designated the annuities to be held in perpetuity. The National Council, BSA administers these types of annuities which includes paying a life annuity to the donor or to a designated beneficiary and paying the residuum to Council when the donor dies. The National Council, BSA advises Council annually of the amount of the expected residuum of the gift. The amount of Council's beneficial interest in the split interest agreement was \$119,654 and \$136,821 as of December 31, 2018 and 2017, respectively, and is recorded in the statements of financial position.

[11] Custodian accounts:

Custodian accounts represent funds received on behalf of various groups. The majority of the funds represents membership and charter fees paid by individual units to be remitted to National Council, BSA. These funds are disbursed for the purpose designated by the various groups.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Deferred income:

Deferred income consists of revenue received in advance for Council-sponsored activities. The revenue is deferred until the time the activity takes place.

[13] Investment policy:

Council's investment policy intends for Council to invest in assets that would produce results exceeding the investment's purchase price and incur a reasonable yield of return, while assuming a moderate level of investment risk. To satisfy the long-term rate-of-return objective, Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Council targets a diversified asset allocation that places an emphasis on marketable equity and debt securities and money market accounts to achieve its long-term return objectives within prudent risk constraints.

[14] Board designated endowment funds:

Board designated funds include proceeds from the sale of conservation easements for developed rights at Ockanickon Scout Reservation and other funds specifically designated by the Board. It is Council's intention to use income from these funds as necessary to meet the specific purpose of Council. Board designated endowment funds were \$1,390,608 and \$1,578,584 as of December 31, 2018 and 2017, respectively.

[15] Donor-restricted endowment fund:

Investment income and investment gains earned on net assets with donor restrictions are recorded as restricted net assets until they are appropriated for expenditure by the Board and then transferred to net assets without donor restrictions for use in operations. The use of net assets with donor restrictions and related income and gains is limited by Commonwealth of Pennsylvania Act 141.

[16] Concentrations of credit risk:

Council maintains cash balances in several financial institutions. Accounts at each of the institutions are insured by the Federal Deposit Insurance Corporation. At times during the year, individual accounts may exceed the federally insured limit. Management does not believe there is any credit risk at these institutions.

[17] Estimates:

The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[18] Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on the statements of activities and changes in net assets on a functional basis. Most expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include occupancy, depreciation, office expenses, insurance, salaries and wages of support personnel, including the Scout executive's, accounting, information technology personnel, and payroll taxes. The basis of allocation of these expenses is the result of a time study of staff performed every three years. The percentage of time allocated to each of the programs and the supporting functions is based on the average of the results of four separate studies and is applied to the expenses that are allocated. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payment of the charter fee to the National Council is not allocated as a functional expense.

[19] Federal tax status:

The Internal Revenue Service has classified Council as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if Council has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by Council and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Council recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax related interest and penalties recorded for either of the years ended December 31, 2018 or 2017.

[20] New accounting pronouncement:

In August 2016, FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends the presentation and disclosures to help not-for-profit organizations provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: a) net asset classes, b) investment return, c) expenses, d) liquidity and availability of resources, and e) presentation of operating cash flows. The Council has adopted the ASU as of and for the year ended December 31, 2018 and has retroactively applied its provisions to all periods presented. The adoption of ASU 2016-14 required reclassification of net asset classes, the presentation of a schedule of functional expenses, and additional disclosures related to liquidity and availability of resources.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[20] New accounting pronouncement (continued):

A summary of the net asset reclassifications as a result of the adoption of ASU 2016-14 as of January 1, 2017 is as follows:

	ASU 2016-14 Classifications		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Net assets classifications:			
As previously reported:			
Unrestricted	\$ 3,949,522	\$ -	\$ 3,949,522
Temporarily restricted	-	258,415	258,415
Permanently restricted	-	1,200,016	1,200,016
Net assets, as reclassified, at January 1, 2017	<u>\$ 3,949,522</u>	<u>\$ 1,458,431</u>	<u>\$ 5,407,953</u>

[21] Upcoming accounting pronouncements:

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 will also result in enhanced revenue related disclosures. The new standard is effective for fiscal years beginning after December 15, 2018 (which is the year beginning on January 1, 2019 for the Council). The standard permits the use of either the retrospective or cumulative effect transition method. The adoption of ASU 2014-09 is not expected to have a material effect on the financial statements but will require enhanced disclosures.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 985)*. ASU 2018-08 clarifies and improves guidance concerning, 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) determining whether a contribution received is conditional. ASU 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and for annual periods beginning after December 15, 2019 for entities that are resource providers, with early adoption permitted. ASU 2018-08 should be applied on a modified prospective basis. The adoption of ASU 2018-08 is not expected to have a material effect on the financial statements but will require enhanced disclosures.

[22] Reclassifications:

Certain amounts in the 2017 financial statements have been reclassified to conform to the current year presentation.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

**Notes to Financial Statements
December 31, 2018 and 2017**

NOTE C - LIQUIDITY AND AVAILABILITY

The Council's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

Financial assets:	
Operating fund:	
Cash and cash equivalents	\$ 221,115
Short-term investments	359,275
Accounts receivable	56,996
Pledges receivable, net	<u>529</u>
 Total financial assets as of year end	 637,915
 Appropriation of endowment assets for general expenditure in subsequent year	 <u>135,332</u>
 Total financial assets available to meet general expenditures within the next 12 months	 <u><u>\$ 773,247</u></u>

The Council's endowment funds consist of donor-restricted endowments and a board-designated endowment. Income from endowments is available for general expenditure. As of December 31, 2018, \$135,332 of appropriations will be available within the next 12 months.

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Council invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Council has a committed line-of-credit in the amount of \$100,000, which it could draw upon (see Note I). Additionally, the Council has a board-designated endowment of \$1,390,608. Although the Council does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available, if necessary.

NOTE D - INVENTORIES

The following is a summary of inventories as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Council scout shop	\$ 140,828	\$ 103,505
Camp trading post	<u>42,434</u>	<u>48,135</u>
	<u><u>\$ 183,262</u></u>	<u><u>\$ 151,640</u></u>

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE E - PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Unconditional promises expected to be collected:		
Less than one year	\$ 14,563	\$ 18,845
One to five years	<u>2,200</u>	<u>9,850</u>
Total gross pledges	16,763	28,695
Allowance for uncollectible amounts	<u>9,034</u>	<u>7,655</u>
Total pledges, net	<u>\$ 7,729</u>	<u>\$ 21,040</u>

Unconditional promises expected to be collected after one year have not been discounted by management. Impact is immaterial to financial statements. Management has recorded bad debt expense in the amount of \$9,034 and \$7,655 for the years ended December 31, 2018 and 2017, respectively.

NOTE F - LAND, BUILDINGS AND EQUIPMENT

The following is a summary of land, buildings and equipment as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land and land improvements	\$ 587,298	\$ 587,298
Buildings	2,691,095	2,665,750
Furniture, fixtures and equipment	<u>1,245,315</u>	<u>1,239,419</u>
	4,523,708	4,492,467
Less accumulated depreciation	<u>2,744,483</u>	<u>2,719,127</u>
	<u>\$ 1,779,225</u>	<u>\$ 1,773,340</u>

Depreciation for the years ended December 31, 2018 and 2017 was \$77,647 and \$75,683, respectively.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE G - INVESTMENTS

Investments as of December 31, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Bonds	\$ 546,821	\$ 501,473
Corporate stock	1,212,379	1,363,468
Exchange-traded funds	959,799	1,037,342
Funds held in trust by others	<u>119,654</u>	<u>136,821</u>
	2,838,653	3,039,104
Invested cash	<u>680,417</u>	<u>227,754</u>
	<u>\$ 3,519,070</u>	<u>\$ 3,266,858</u>
Short-term investments	\$ 367,554	\$ 118,842
Long-term investments	3,031,862	3,011,195
Beneficial interest in split interest agreement	<u>119,654</u>	<u>136,821</u>
	<u>\$ 3,519,070</u>	<u>\$ 3,266,858</u>

Income from investments and other interest-bearing accounts for the years ended December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 79,844	\$ 72,075
Realized gain (loss)	(2,218)	46,635
Unrealized gain (loss)	(268,396)	273,427
Change in value of split interest agreement	(17,167)	11,035
Investment fees	<u>(29,644)</u>	<u>(28,767)</u>
	<u>\$ (237,581)</u>	<u>\$ 374,405</u>
Investment income (loss), net - without donor restrictions	\$ (71,999)	\$ 229,409
Investment income (loss), net - with donor restrictions	<u>(165,582)</u>	<u>144,996</u>
	<u>\$ (237,581)</u>	<u>\$ 374,405</u>

NOTE H - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE H - FAIR VALUE MEASUREMENTS (CONTINUED)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Assets utilizing Level 3 inputs are funds held in trust by others.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets.

The following is a description of the valuation methodologies used for assets measured at fair value.

Corporate stock - Valued at the closing market price on the stock exchange where it is traded.

Bonds - Valued at the present value of future cash flows.

Mutual funds and exchange-traded funds - Valued at the net asset value of the shares held by Council at year-end.

Funds held in trust by others - Valued at management's estimated fair value based on amounts provided by third parties who hold the funds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE H - FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth, by level, Council's assets at fair value, within the aforementioned fair value hierarchy, as of December 31, 2018 and 2017:

	2018			Total
	Level 1	Level 2	Level 3	
U.S. government obligations	\$ -	\$ 72,387	\$ -	\$ 72,387
Corporate bonds	-	474,434	-	474,434
Corporate stock	1,212,379	-	-	1,212,379
Exchange-traded funds:				
Equities	959,799	-	-	959,799
Funds held in trust by others	-	-	119,654	119,654
Total assets at fair value	<u>\$ 2,172,178</u>	<u>\$ 546,821</u>	<u>\$ 119,654</u>	<u>\$ 2,838,653</u>

	2017			Total
	Level 1	Level 2	Level 3	
Corporate bonds	\$ -	\$ 501,473	\$ -	\$ 501,473
Corporate stock	1,363,468	-	-	1,363,468
Exchange-traded funds:				
Equities	1,037,342	-	-	1,037,342
Funds held in trust by others	-	-	136,821	136,821
Total assets at fair value	<u>\$ 2,400,810</u>	<u>\$ 501,473</u>	<u>\$ 136,821</u>	<u>\$ 3,039,104</u>

Changes in fair value levels:

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2018 and 2017, there were no transfers into or out of Levels 1, 2 or 3.

The following summarizes Level 3 reconciliations:

	Funds Held in Trust by Others for the Year Ended December 31	
	2018	2017
Beginning balance	\$ 136,821	\$ 125,786
Change in value of split interest agreement	<u>(17,167)</u>	<u>11,035</u>
Ending balance	<u>\$ 119,654</u>	<u>\$ 136,821</u>

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

**Notes to Financial Statements
December 31, 2018 and 2017**

NOTE I - LINE-OF-CREDIT

Council has available a \$100,000 bank line-of-credit (“LOC”). This LOC is collateralized by Council’s building in Doylestown, Pennsylvania and is payable on demand. The LOC bears interest at prime less .25% (prime was 5.25% and 4.25% as of December 31, 2018 and 2017, respectively). As of December 31, 2018 and 2017, there were no outstanding borrowings on the LOC.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2018 and 2017:

	2018			
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
Subject to expenditures for specified purpose:				
Camperships	\$ 65,306	\$ -	\$ -	\$ 65,306
Scoutreach	8,389	-	-	8,389
FlagPlaza/Brick Walkway	-	44,688	-	44,688
Various projects	3,696	30,255	-	33,951
	<u>77,391</u>	<u>74,943</u>	<u>-</u>	<u>152,334</u>
Subject to the passage of time:				
Friends of Scouting	12,124	-	-	12,124
Endowments:				
Subject to appropriation and expenditure when a specified event occurs:				
Restricted by donors for:				
General use	-	-	1,354,985	1,354,985
Subject to Council's spending policy and appropriation:				
Investments in perpetuity:				
Restricted by Pennsylvania Statute	-	-	28,528	28,528
Total endowments	<u>-</u>	<u>-</u>	<u>1,383,513</u>	<u>1,383,513</u>
	<u>\$ 89,515</u>	<u>\$ 74,943</u>	<u>\$ 1,383,513</u>	<u>\$ 1,547,971</u>

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

**Notes to Financial Statements
December 31, 2018 and 2017**

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	2017			
	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditures for specified purpose:				
Camperships	\$ 59,590	\$ -	\$ -	\$ 59,590
Scoutreach	21,066	-	-	21,066
FlagPlaza/Brick Walkway	-	70,778	-	70,778
Various projects	16,625	39,343	-	55,968
	<u>97,281</u>	<u>110,121</u>	<u>-</u>	<u>207,402</u>
Subject to the passage of time:				
Friends of Scouting	8,676	-	-	8,676
	<u>8,676</u>	<u>-</u>	<u>-</u>	<u>8,676</u>
Endowments:				
Subject to appropriation and expenditure when a specified event occurs:				
Restricted by donors for:				
General use	-	-	1,213,458	1,213,458
Subject to Council's spending policy and appropriation:				
Investments in perpetuity:				
Restricted by Pennsylvania Statute	-	-	200,451	200,451
Total endowments	<u>-</u>	<u>-</u>	<u>1,413,909</u>	<u>1,413,909</u>
	<u>\$ 105,957</u>	<u>\$ 110,121</u>	<u>\$ 1,413,909</u>	<u>\$ 1,629,987</u>

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

**Notes to Financial Statements
December 31, 2018 and 2017**

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Satisfaction of purpose restrictions:		
Camperships	\$ 21,229	\$ 6,031
Scoutreach	2,678	2,449
FlagPlaza/Brick Walkway	28,402	779
Various projects	<u>34,319</u>	<u>22,999</u>
	<u>86,628</u>	<u>32,258</u>
 Expiration of time restrictions - Friends of Scouting	 8,676	 5,000
 Appropriation from donor endowment in satisfaction of donor and legal restrictions	 <u>23,836</u>	 <u>11,205</u>
	<u>32,512</u>	<u>16,205</u>
	<u><u>\$ 119,140</u></u>	<u><u>\$ 48,463</u></u>

NOTE K - ENDOWMENT AND BOARD DESIGNATED FUNDS

Council's endowment funds include both donor-restricted endowment funds (net assets with donor restrictions) and funds designated by the Board of Directors to function as endowments (net assets without donor restrictions). The income from these funds can be used for general purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Council has interpreted the Commonwealth of Pennsylvania state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Council classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is classified as net assets with donor restrictions until those amounts are appropriated by the Board for expenditure in a manner consistent with state law.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE K - ENDOWMENT AND BOARD DESIGNATED FUNDS (CONTINUED)

Council's endowment and Board designated net assets had the following activity for the years ended December 31, 2018 and 2017:

	2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment and Board designated funds at beginning of year	<u>\$ 1,578,584</u>	<u>\$ 1,413,909</u>	<u>\$ 2,992,493</u>
Investment return:			
Net depreciation (realized and unrealized)	(121,538)	(148,087)	(269,625)
Change in value of split interest agreements	-	(17,167)	(17,167)
Contributions	-	158,694	158,694
Appropriation of endowment assets for expenditure	(36,794)	(23,836)	(60,630)
Other changes:			
Investment management fees	<u>(29,644)</u>	<u>-</u>	<u>(29,644)</u>
Change in net assets	<u>(187,976)</u>	<u>(30,396)</u>	<u>(218,372)</u>
Endowment and Board designated funds at end of year	<u>\$ 1,390,608</u>	<u>\$ 1,383,513</u>	<u>\$ 2,774,121</u>
	2017		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment and Board designated funds at beginning of year	<u>\$ 1,469,385</u>	<u>\$ 1,277,889</u>	<u>\$ 2,747,274</u>
Investment return:			
Net appreciation (realized and unrealized)	185,092	133,783	318,875
Change in value of split interest agreements	-	11,035	11,035
Contributions	-	3,200	3,200
Appropriation of endowment assets for expenditure	(47,126)	(11,998)	(59,124)
Other changes:			
Investment management fees	<u>(28,767)</u>	<u>-</u>	<u>(28,767)</u>
Change in net assets	<u>109,199</u>	<u>136,020</u>	<u>245,219</u>
Endowment and Board designated funds at end of year	<u>\$ 1,578,584</u>	<u>\$ 1,413,909</u>	<u>\$ 2,992,493</u>

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

**Notes to Financial Statements
December 31, 2018 and 2017**

NOTE K - ENDOWMENT AND BOARD DESIGNATED FUNDS (CONTINUED)

Endowment and Board designated funds had the following net asset compositions as of December 31, 2018 and 2017:

	2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Board designated endowment funds	\$ 1,390,608	\$ -	\$ 1,390,608
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	-	1,354,985	1,354,985
Accumulated investment gains	-	28,528	28,528
Total endowment funds	<u>\$ 1,390,608</u>	<u>\$ 1,383,513</u>	<u>\$ 2,774,121</u>
	2017		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Board designated endowment funds	\$ 1,578,584	\$ -	\$ 1,578,584
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	-	1,213,458	1,213,458
Accumulated investment gains	-	200,451	200,451
Total endowment funds	<u>\$ 1,578,584</u>	<u>\$ 1,413,909</u>	<u>\$ 2,992,493</u>

[1] Return objectives and risk parameters:

The Board of Directors has adopted investment and spending policies for endowment and Board designated assets that attempt to provide a relatively predictable and growing stream of annual distribution in support of Council while preserving the long-term, real purchasing power of assets. An additional purpose of the funds is to provide a source of funds for a time when Council may face a financial emergency, subject to any funds being utilized in such a manner which is consistent with the original donor restrictions.

BOY SCOUTS OF AMERICA, WASHINGTON CROSSING COUNCIL

Notes to Financial Statements December 31, 2018 and 2017

NOTE K - ENDOWMENT AND BOARD DESIGNATED FUNDS (CONTINUED)

[2] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Board of Directors has approved an asset allocation policy consisting of 55%-75% equities, with the balance of the funds in fixed income and cash.

Total return is defined as capital gains, realized and unrealized, plus income derived from dividends and interest. It is recognized that economic and securities' market conditions are not constant, but ever changing and, as a result, periodic portfolio rebalancing will be required to maintain asset allocation.

[3] Spending policy and how the investment objectives relate to spending policy:

This policy is limited by Commonwealth of Pennsylvania Act 141. Each year, Council's Board of Directors determines the amount that can be spent, subject to donor restrictions. Annual withdrawals from the endowment trust cannot exceed 5% of Council's investable asset value. The 5% spending objective is determined based on a three-year rolling average calculated using the market value of the endowment trust as of September 30. Pursuant to this Commonwealth of Pennsylvania law and at the direction of the Board of Directors, \$60,630 and \$59,124 was distributed for unrestricted purposes and has been reported as transfers in the accompanying statements of activities and changes in net assets for the years ended December 31, 2018 and 2017, respectively.

NOTE L - RETIREMENT PLAN

The National Council, BSA has a qualified defined benefit pension plan administered at the national office that covers employees of the National Council, BSA and local councils, including Boy Scouts of America, Washington Crossing Council. The plan name is Boy Scouts of America Master Pension Trust – Boy Scouts of America Retirement Plan for Employees and covers all employees who have completed one year of service and who have agreed to make contributions. Eligible employees contribute 2% of eligible compensation and Council contributes an additional 7% of eligible compensation to the plan. Pension expense (excluding the contributions made by employees) was \$57,175 and \$56,255 for the years ended December 31, 2018 and 2017, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2018 indicates that it is in compliance with ERISA regulations regarding funding. Effective January 1, 2019, this plan was frozen and participants are no longer accruing benefits. This plan is being replaced with the BSA Match Savings Plan effective January 1, 2019.

Additionally, Council has a 403(b) defined-contribution retirement plan available to all full-time employees. Employees may voluntarily contribute a portion of their eligible compensation to the plan subject to limits set by the federal tax code. Council makes a matching contribution of up to 3% of employee eligible compensation. Defined-contribution retirement plan expense amounted to \$16,106 and \$16,072 for the years ended December 31, 2018 and 2017, respectively.

NOTE M - SUBSEQUENT EVENTS

Council has evaluated subsequent events through May 22, 2019, which is the date the financial statements were available to be issued.